

CapMan

Interim Report

1-3 | 2020

*Fee business strong despite
market turbulence*

Turnover grew 28%

Fair values of own investments decreased
€8.4 million

CapMan Plc 23 April 2020

CapMan Plc January–March 2020 Interim Report

–Fee business strong despite market turbulence

Results and significant events in Jan–Mar 2020

- Group turnover was MEUR 11.9 1 Jan–31 Mar 2020 (MEUR 9.3 1 Jan–31 Mar 2019), growth was 28 per cent from the comparison period.
- Management Company business turnover was MEUR 7.2 (MEUR 6.4), growth was 12 per cent from the comparison period, and operating profit MEUR 1.9 (MEUR 0.8), growth was 134 per cent from the comparison period.
- Service business turnover was MEUR 4.8 (MEUR 2.9), growth was 66 per cent from the comparison period, and operating profit MEUR 3.0 (MEUR 1.8), growth was 69 per cent from the comparison period.
- Investment business operating profit was MEUR -8.4 (MEUR 3.9) due to fair value changes of own investments.
- Operating profit was MEUR -6.0 (MEUR 4.7).
- Diluted earnings per share were -5.3 cents (2.4 cents).
- CapMan paid a total of EUR 0.13 per share in dividends and equity repayment for 2019 (EUR 0.12 per share for 2018).

TURNOVER	OPERATING PROFIT
€11.9m	-€6.0m
+28%	
EARNINGS / SHARE	EQUITY RATIO
-€5.3	47.4%

Joakim Frimodig, CEO:

"We are in an unprecedented situation due to the covid-19 crisis. The effects of the crisis are visible on a personal, corporate and societal level in our international business environment. Market turbulence has depressed asset values significantly during the last few months, which is also reflected as negative fair value changes of CapMan's own investments during the first quarter of 2020.

However, our Management Company and Service businesses are on a solid footing and have developed favourably despite the crisis. Our turnover grew by 28% and our fee-based profitability almost doubled in the first quarter 2020 from the comparison period.

“ *Management Company and Service businesses have developed favourably despite the crisis.* ”

Our Management Company business grew by 12% following several completed strategic projects. Management fees are long-term in nature, which provides stability and predictability to our business. The operating profit of the Management Company business was MEUR 1,9 and grew more than 100% from the comparison period due to growth in fees and improved cost efficiency. The market conditions affect investors' willingness to make new investment decisions and many fundraising projects have been delayed from their original schedules as a result. Despite this, we expect our assets under management as well as management fees to grow during the year from comparable levels last year. Due to the uncertain market situation some funds may experience delay in reaching carry.

Our Service business grew by 66% from the comparison period and operating profit grew to 3.0 million during the first quarter of 2020. Fees from CaPS and JAM are mostly recurring. Scala has completed several projects during the first quarter of 2020 and its deal flow remains good, but the business depends on fundraising conditions.

“ *Fair value changes account for variability in our earnings model to a large extent.* ”

Fair value changes of our own investments form a significant portion of CapMan's results and account for variability in our earnings model to a large extent. We reported a MEUR 8.4 decline in fair values for the first quarter of 2020. The covid-19 crisis has hit our private equity investments the hardest with fair values declining by 20% on average since the beginning of the year. In comparison, our infrastructure and real estate investments declined on average by 4% in the first quarter. Fair value changes are largely unrealised as our funds focus on long-term value creation and exit their assets in line with their respective value creation plans. The realised fair value change was positive during the first quarter of 2020. Our balance sheet is well-equipped to cope with market turbulence. Following the sale of the market portfolio we have allocated more assets over the recent years to infrastructure and real estate investments, which are more defensive asset classes in times of crisis.

Our liquidity situation is good and our balance sheet and financial situation is strong. At the end of the first quarter, our cash and cash equivalents were MEUR 53.8. In addition, the company has a credit facility of MEUR 40, of which MEUR 20 has been drawn. We have also focused on our expenses and have taken swift measures to adapt our cost structure in order to support profitability in the near future.

Most important for us in this prevailing situation is the health and well-being of our employees. I want to extend my thank you to all CapMan employees for their efforts and flexibility lately. We are an active and supportive owner of our portfolio companies focused on ensuring short and long-term success of our investments. The societal impact of our business is highlighted during these challenging times. We now seek to take comprehensive and sustainable measures that help us create significant long-term value for our customers, employees, business partners and shareholders.”

Group turnover and result in Jan–Mar 2020

CapMan Group’s turnover totalled MEUR 11.9 in Jan–Mar 2020 (Jan–Mar 2019: MEUR 9.3). The 28 per cent growth in turnover was due to increased management and service fees.

Operating expenses were MEUR 9.5 (MEUR 8.8) in total. Personnel expenses were MEUR 6.3 (MEUR 5.3) and the growth was mainly due to additional expenses related to the termination of the 2018 performance share plan. Depreciations and amortisations were MEUR 0.3 (MEUR 0.3). Other operating expenses amounted to MEUR 2.8 (MEUR 3.2) and the comparison period included expenses related to the acquisition of JAM Advisors, among others.

Fair value changes of investments were MEUR -8.4 (MEUR +4.2). Fair values of own investments decreased significantly in the first quarter of 2020 due to uncertainty brought on by the global covid-19 crisis.

The Group’s operating profit was MEUR -6.0 (MEUR 4.7). Operating profit excluding items affecting comparability was MEUR -6.0 (MEUR 5.6).

Financial income and expenses amounted to MEUR -0.6 (MEUR -0.6). Profit before taxes was MEUR -6.5 (MEUR 4.1) and profit after taxes was MEUR -7.4 (MEUR 4.0).

Diluted earnings per share were -5.3 cents (2.4 cents). Diluted earnings per share excluding items affecting comparability were -5.3 cents (2.9 cents).

A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the review period are available in the Tables section of this report.

Management Company business

Turnover generated by the Management Company business for the review period totalled MEUR 7.2 (MEUR 6.4), growth was 12 per cent. Mainly CapMan Hotels RE II fund, CapMan Buyout XI fund and CapMan Nordic Infrastructure I fund contributed favourably to management fees for the period, offsetting the decrease in fees obtained from older funds in line with the funds’ standard lifecycle.

Carried interest income for the review period totalled MEUR 0.1 (MEUR 0.1) and was received from Access Capital funds.

Operating expenses of the Management Company business amounted to MEUR 5.3 (MEUR 5.6). Operating profit of the Management Company business grew by 134 per cent and totalled MEUR 1.9 (MEUR 0.8), while profit for the year was MEUR 1.5 (MEUR 0.6).

Service business

Turnover generated by Service business totalled MEUR 4.8 (MEUR 2.9) and the 66 per cent growth year-over-year consisted mainly of success fees of Scala Fund Advisory and fees of JAM Advisors. JAM Advisors was consolidated as of 27 February 2019.

Operating expenses of the Service business amounted to MEUR 1.8 (MEUR 1.3). The operating profit of the Service business was MEUR 3.0 (MEUR 1.8), growth of 69 per cent. The profit for the review period was MEUR 2.4 (MEUR 1.4). The improved profit for the segment was due to successful development of all services businesses during the first quarter of 2020.

Investment business

Change in fair value of investments was MEUR -8.4 in Jan–Mar 2020 (MEUR +4.2 in Jan–Mar 2019). The decrease was mainly due to uncertainty brought on by the global covid-19 crisis and its subsequent impact on valuations.

The Investment Business did not incur operating expenses in the review period following the sell-down of the market portfolio. During the comparison period, operating expenses were MEUR 0.3.

Operating profit for the Investment business was MEUR -8.4 (MEUR 3.9). Profit for the Investment business was MEUR -9.4 (MEUR 3.3).

Table 1: CapMan’s investments booked at fair value as at 31 March 2020

	Fair value 31 March 2020 (MEUR)
Fund investments	104.8
Other financial assets	1.5
Market portfolio	1.5
Total	107.8

Fair value of **fund investments** was MEUR 104.8 on 31 March 2020 (31 March 2019: MEUR 85.0). Fair value changes of fund investments were MEUR -7.2 in the first quarter of 2020 (MEUR +2.4), representing a 6.1 per cent decrease in value (Jan–Mar 2019: +2.9 per cent). The negative change in the fair value of fund investments was mainly due to the impact

of the covid-19 crisis on the valuation of private equity funds. Among others, listed peers have a significant impact on the valuation of portfolio companies. Nordic Real Estate funds are valued once per year. Fund investments include mainly funds managed by CapMan. Investments in joint ventures were reclassified as fund investments after the comparison period and totalled MEUR 4.5 on 31 March 2019.

CapMan invested a total of MEUR 3.2 in the first quarter of 2020 mainly in the CapMan Nordic Infrastructure I fund. In the corresponding period last year, CapMan invested a total of MEUR 2.7 mainly into its private equity funds. CapMan received distributions from funds totalling MEUR 6.7 (MEUR 0.9) mainly from external funds. The amount of remaining commitments that have not yet been called totalled MEUR 102.1 as at 31 March 2020 (31 March 2019: MEUR 93.7). The increase was due to commitments to the CapMan Buyout XI fund. Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

Fair value change of **other investments** was MEUR -1.2 in the review period (MEUR +0.04).

In the beginning of 2020, CapMan continued to sell down the **market portfolio**, which invests in market instruments. The fair value of the portfolio was MEUR 1.5 on 31 March 2020 (31 March 2019: MEUR 20.0) and consists of bonds.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG). Sensitivity analysis by investment area are presented in the Tables section of this report.

Balance sheet and financial position as at 31 March 2020

CapMan's balance sheet totalled MEUR 211.4 as at 31 March 2020 (31 March 2019: MEUR 221.1). Non-current assets amounted to MEUR 141.0 (MEUR 124.3), of which goodwill totalled MEUR 15.3 (MEUR 19.5). Goodwill was impaired in the end of 2019 following a write-down of CapMan Russia.

As at 31 March 2020, fund investments booked at fair value totalled MEUR 104.8 (MEUR 85.0 as at 31 March 2019).

Other financial assets booked at fair value were MEUR 1.5 (MEUR 2.6). The fair value of investments in joint ventures was MEUR 0.0 (MEUR 4.5). Joint ventures were classified as fund investments in 2019 after the comparison period.

Long-term receivables amounted to MEUR 11.5 (MEUR 6.2) and increased due to accrual of fee income.

Current assets amounted to MEUR 70.3 (MEUR 96.8). Financial assets booked at fair value, i.e. current investments, were MEUR 1.5 (MEUR 20.0) and included the market portfolio. Cash in hand and at banks amounted to MEUR 53.8 (MEUR 65.8).

CapMan's interest-bearing net debt amounted to MEUR 19.0 as at 31 March 2020 (MEUR -3.0). After the comparison period, CapMan repaid its MEUR 10 multi-issuer bond and increased its long-term credit facility to MEUR 40, of which the company drew MEUR 20 in the review period. CapMan's total interest-bearing debt as at 31 March 2020 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Mar 2020 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2019 (MEUR)
Senior bond (issued in 2018)	50	Q2 2023	4.13%	50
Long-term credit facility (available)	20 (20)	-	2.00%	(40)

CapMan Plc's bond and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 31 March 2020.

Trade and other payables totalled MEUR 28.2 on 31 March 2020 (31 March 2019: MEUR 31.0).

The Group's cash flow from operations totalled MEUR -4.0 for the review period (MEUR -0.2). CapMan receives management fees from funds semi-annually, in January and July, which is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR +13.5 (MEUR +20.0) and includes, *inter alia*, investments and repaid capital received by the Group, including the disposal of the market portfolio.

Cash flow before financing totalled MEUR +9.5 (MEUR +19.8) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR +0.6 (MEUR -8.5) and included the drawdown of the credit facility and the distribution of dividends and equity repayment.

Capital under management as at 31 March 2020

Capital under management refers to the remaining investment capacity, mainly equity, of funds and capital already invested at acquisition cost or at fair value, when referring to mandates. Capital under management is calculated based on the capital, which forms the basis for management fees, and includes primarily equity without accounting for the funds' debt. Capital increases as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Capital under management was MEUR 3,225 as at 31 March 2020 (31 March 2019: MEUR 3,196). The increase in capital under management was mainly due to the establishment of CapMan Buyout XI fund and the interim closings of the CapMan Nordic Infrastructure I fund. The establishment of the new CapMan Hotels II fund had limited impact on capital under management, as assets were sold from the old CapMan Hotels RE fund to the new fund. The debt for the new fund has been included in capital under management in line with the previous Hotels RE fund. Capital under management per fund type is displayed in Table 3.

Table 3: Capital under management (incl. funds and mandates)

	31.3.20 (MEUR)	31.3.19 (MEUR)
Real Estate	1,950	1,928
Private Equity & Credit	950	940
Infra	292	270
Other	32	58
Total capital under management (incl. Hotels II fund debt)	3,225	3,196

Key figures 31 March 2020

CapMan's return on equity was -26.0 per cent on 31 March 2020 (31 March 2019: +12.2 per cent) and return on investment -13.0 per cent (+10.3 per cent). Comparable return on equity was -26.0 per cent (+15.0 per cent) and comparable return on investment was -13.0 per cent (+12.2 per cent). Equity ratio was 47.4 per cent (52.6 per cent).

According to the CapMan's long-term financial targets, the target level for the company's return on equity is on average over 20 per cent. The objective for the equity ratio is more than 60 per cent.

Table 4: CapMan's key figures

	31.3.20	31.3.19	31.12.19
Earnings per share, cents	-5.4	2.4	9.2
Diluted, cents	-5.3	2.4	9.0
Adjusted earnings per share, diluted, cents	-5.3	2.9	11.6
Shareholders' equity / share, cents	63.2	75.7	85.1
Share issue adjusted number of shares, avg.	154,208,352	149,016,841	152,154,735
Return on equity, %	-26.0	12.2	12.7
Return on equity, comparable, %	-26.0	15.0	16.0
Return on investment, %	-13.0	10.3	10.5
Return on investment, comparable, %	-13.0	12.2	13.5
Equity ratio, %	47.4	52.6	59.9
Net gearing, %	19.2	-2.6	7.2

Decisions of the 2020 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2020 Annual General Meeting (AGM) decided in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.04 per share and an equity repayment of EUR 0.09 per share be paid from the distributable profits and the invested unrestricted equity fund of the

company, EUR 0.13 per share in total. The dividend and equity repayment were paid on 20 March 2020. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange releases on the decisions taken by the General Meetings issued on 11 March 2020.

Decisions of the AGM regarding the composition of the Board

The 2020 AGM decided that the Board of Directors comprises seven members. Mr. Andreas Tallberg, Ms. Catarina Fagerholm, Mr. Johan Hammarén, Mr. Eero Heliövaara, Ms. Mammu Kaario, Mr. Olli Liitola and Mr. Peter Ramsay were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. The Board composition and remuneration have been described in greater detail in the stock exchange releases regarding the decisions of the AGM and the organisational meeting of the Board issued on 11 March 2020.

Authorisations given to the Board by the AGM

The 2020 AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's shares. The number of shares concerned shall not exceed 14,000,000, which corresponds to approx. 9.09 per cent of all shares in the company.

The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 14,000,000 shares, which corresponds to approx. 9.09 per cent of all shares in the company.

The authorisation shall remain in force until the end of the following AGM and 30 June 2021 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 11 March 2020.

Shares and shareholders

Shares and share capital

There were no changes in CapMan's share capital during the review period.

Share capital totalled EUR 771,586.98 as at 31 March 2020. CapMan had 155,963,459 shares outstanding as at 31 March 2020 (152,453,966 shares as at 31 March 2019). CapMan issued 2,002,208 shares in a directed share issue without payment to implement the share payments of its Performance Share Plan 2018.

All shares generate equal voting rights (one vote per share) and rights to a dividend and other distribution to shareholders. CapMan Plc's shares are included in the Finnish book-entry system.

Company shares

As at 31 March 2020, CapMan Plc held a total of 26,299 CapMan shares, representing 0.02 % of shares and voting rights. The market value of own shares held by CapMan was EUR 45,760 as at 31 March 2020 (31 March 2019: EUR 39,974). No changes occurred in the number of own shares held by CapMan Plc during the review period.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 1.74 on 31 March 2020 (31 March 2019: EUR 1.52). The trade-weighted average price for the review period was EUR 1.97 (EUR 1.69). The highest price paid was EUR 2.65 (EUR 1.82) and the lowest EUR 1.49 (EUR 1.48). The number of CapMan Plc shares traded totalled 14.1 million (7.1 million), valued at MEUR 27.8 (MEUR 12.1).

The market capitalisation of CapMan Plc shares as at 31 March 2020 was MEUR 271.1 (31 March 2019: MEUR 231.4).

Shareholders

The number of CapMan Plc shareholders increased by 21 per cent from the corresponding period last year and totalled 23,054 as at 31 March 2020 (31 March 2019: 19,014).

Personnel

CapMan employed 143 people on average in the first quarter of 2020 (Jan–Mar 2019 average: 130), of whom 112 (92) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. The increase in people working in Finland was due to the acquisition of JAM Advisors. A breakdown of personnel by country is presented in the Tables section of this report.

Compensation schemes

CapMan's compensation scheme consists of short-term and long-term compensation schemes.

The short-term scheme covers all CapMan employees, excluding CEO and CFO of the company, and its central objective is earnings per share, for which the Board of Directors has set a minimum target.

The long-term scheme of CapMan consists of an investment based long-term share-based incentive plan (Performance Share Plan) for key employees.

In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share. The investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2020 and ends on 31 March 2023. The

participants may earn a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the company share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment. The rewards from the Plan will be paid fully in the company's shares in 2023. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of approximately 20 people, including the members of the Management Group. Following the new Performance Share Plan, CapMan's Board of Directors decided to shorten the performance period of the investment-based long-term incentive plan launched in 2018 by one year and correspondingly reduce the reward amount from the 2018 plan by one-third.

As of 31 March 2020, CapMan Plc had two stock option programmes, Option Programme 2013 and Stock Option Programme 2016, in place as part of its incentive and commitment arrangements for key personnel. Following the long-term incentive plan, CapMan will not grant new options from the option plans 2013 and 2016.

More information about the share-based incentive plan and the terms of the option programmes can be found on CapMan's website at www.capman.com.

Other significant events in Jan–Mar 2020

Christian Borgström, Managing Partner of JAM Advisors and Maximilian Marschan, Managing Partner of CaPS, were appointed members of CapMan Plc's Management Group as of 1 February 2020.

Events after the end of the review period

There were no significant events following the end of the review period.

Significant risks and short-term uncertainties

General risks

Private equity investment is generally subject to a risk of non-liquid investments, among others, which means uncertainty of the realisation of any increase in value, a risk concerning general economic development and market situation and a risk concerning the economy and political situation of target countries. The most significant short-term risk is the covid-19 outbreak and related restrictions, which impact the general market development and therefore also CapMan's business. Risks related to CapMan's business are detailed below.

Market risks

Investment operations carried out by CapMan are subject to general market risk. Market values can change, for example, because of fluctuations in the equity, fixed income, currency and real estate markets. Changes in market values impact the result of CapMan through the appreciations of its investment assets.

Changes in the equity markets influence the valuation of unlisted portfolio companies because the valuation methods used by funds include the share values of suitable listed companies. Economic uncertainty may have a direct impact on the success of the funds administered by CapMan, on the success of CapMan's investment activities, and also on the assets available for investment or solvency of the current and potential investors of the funds.

Risks related to the success of the business

The business operations of the CapMan Group have a material risk of failure regarding the establishment of new private equity funds and their fundraising. Successful funding is important to management fees and creates opportunity for receiving carried interest income in the future. For example, poor performance of investments made by funds managed by CapMan, increasing competition or reasons that are independent of CapMan may make it more difficult to raise funds from new or current investors in the future.

Gaining new customers or the launch of new investment areas, products or service businesses may also fail, which may prevent or hamper the realisation of CapMan's growth objectives.

Risks related to fair value changes in portfolio companies, real estate or infrastructure investments

The values of portfolio companies can vary positively or negatively within short periods if changes occur in the peer group or in the interest in the company of potential buyers. As a result of exit processes, significant return is typically realised on successful investments also in the short term as the exit price is based on strategic value and synergies created for the buyer, and not directly on peer group multiples.

The fair values of real estate and infrastructure investments may also vary between review periods based on changes in, inter alia, demand, capacity, condition or exit process. The variations are typically smaller compared to the variations in the fair value of portfolio companies.

Risks related to carried interest and performance-based income

The timing of exits and the magnitude of the potential carried interest profits are difficult to foretell. The timing of fees from fund advisory

activities are difficult to predict due to the nature of the business. The transaction-based fees of JAM Advisors may also vary significantly from period to period.

Group companies managing a fund may in certain circumstances, pursuant to the terms of the fund agreement, have to return carried interest income they have received (so-called clawback). The obligation to return carried interest income applies typically when, according to the final distribution of funds, the carried interest income received by the fund management company exceeds the carried interest it is entitled to when the fund expires.

CapMan recognises revenue from carried interest, to the extent carried interest is based on realised cash flows and repayment risk is estimated to be very low, CapMan is entitled to carried interest, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient. CapMan has recorded a EUR 7.7 million clawback provision for the CapMan Real Estate I KY fund. The sufficiency of the provision is reviewed quarterly by the management but its actual amount will only be known after all target investments of the fund have been liquidated. One real estate investment remains in the fund. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

Risks related to the availability or cost of financing

The company's financing agreements include financing covenants and other conditions. Violation of covenants related to financing agreements and a failure to fulfil other contractual terms may cause the cost of financing to increase significantly and even jeopardise continued financing for CapMan.

Risks related to the change in the regulatory environment

Changes in the securities markets regulation, significant domestic or international tax regulation or practice and regulation generally applicable to business operations, or measures and actions by authorities or requirements set by authorities, or in the manner in which such laws, regulations and actions are implemented or interpreted, as well as the application and implementation of new laws and regulations, may have a significant effect on CapMan's business operations.

Financial objectives

CapMan's objective is to pay an annually increasing dividend to its shareholders.

The combined growth objective for the Management Company and Service businesses is more than 10 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. CapMan's equity ratio target is more than 60 per cent.

Outlook estimate for 2020

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on an annual basis considering the nature of the business. CapMan expects management fees and fees from services to continue growing in aggregate in 2020. Our objective is to improve the aggregate profitability of Management Company and Service businesses before carried interest income and any possible items affecting comparability.

Carried interest income from funds managed by CapMan and the return on CapMan's investments have a substantial impact on CapMan's overall result. In addition to portfolio company and asset-specific development

and exits from portfolio companies and assets, various factors outside of the portfolio's and CapMan's control influence fair value development of CapMan's overall investments as well as the magnitude and timing of carried interest.

CapMan's objective is to improve results in the longer term, taking into consideration annual fluctuations related to the nature of the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2020.

Items affecting comparability are described in the Tables section of this report.

Helsinki, 23 April 2020

CAPMAN PLC

Board of Directors

CapMan Group's 1 January – 30 June 2020 Half-Year Report is published on Thursday 6 August 2020.

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Group Statement of comprehensive income (IFRS)

€ ('000)	1-3/20	1-3/19	1-12/19
Management fees	6 875	6 128	24 851
Sale of services	4 985	3 029	17 211
Carried interest	89	131	6 910
Turnover	11 949	9 288	48 972
Other operating income	0	13	6
Personnel expenses	-6 321	-5 254	-24 184
Depreciation and amortisation	-343	-284	-5 583
Other operating expenses	-2 832	-3 226	-12 069
Fair value changes of investments	-8 438	4 167	12 250
Operating loss (profit)	-5 984	4 705	19 392
Financial income and expenses	-563	-604	-1 783
Result before taxes	-6 548	4 101	17 609
Income taxes	-875	-108	-1 731
Result for the period	-7 423	3 993	15 878
Other comprehensive income:			
Translation differences	-209	-36	-62
Total comprehensive income	-7 632	3 957	15 816

€ ('000)	1-3/20	1-3/19	1-12/19
Profit attributable to:			
Equity holders of the company	-8 290	3 619	13 963
Non-controlling interest	867	374	1 915
Total comprehensive income attributable to:			
Equity holders of the company	-8 499	3 583	13 900
Non-controlling interest	867	374	1 915
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, cents	-5,4	2,4	9,2
Diluted, cents	-5,3	2,4	9,0

Group balance sheet (IFRS)

€ ('000)	31.3.20	31.3.19	31.12.19
ASSETS			
Non-current assets			
Tangible assets	3 200	3 394	3 428
Goodwill	15 314	19 544	15 314
Other intangible assets	870	972	797
Investments at fair value through profit and loss			
Investments in funds	104 817	85 030	115 918
Other financial assets	1 458	2 587	2 731
Investments in joint ventures	0	4 484	0
Receivables	11 489	6 247	9 395
Deferred income tax assets	3 887	2 055	3 726
	141 035	124 313	151 309
Current assets			
Trade and other receivables	15 076	10 908	10 792
Financial assets at fair value through profit and loss	1 491	20 000	10 768
Cash and bank	53 753	65 843	43 665
	70 320	96 751	65 225
Total assets	211 355	221 064	216 534

€ ('000)	31.3.20	31.3.19	31.12.19
EQUITY AND LIABILITIES			
Capital attributable the Company's equity holders			
Share capital	772	772	772
Share premium account	38 968	38 968	38 968
Other reserves	71 117	83 861	84 823
Translation difference	-557	-321	-348
Retained earnings	-12 913	-8 046	3 218
Total capital attributable to the Company's equity holders	97 387	115 234	127 433
Non-controlling interests	1 218	139	2 100
Total equity	98 605	115 373	129 533
Non-current liabilities			
Deferred income tax liabilities	2 404	2 556	2 156
Interest-bearing loans and borrowings	51 950	51 920	59 110
Other non-current liabilities	7 274	7 794	167
	61 628	62 270	61 433
Current liabilities			
Trade and other payables	28 179	30 967	20 159
Interest-bearing loans and borrowings	20 772	10 907	939
Current income tax liabilities	1 958	1 546	4 469
Current provisions	213		
	51 122	43 421	25 567
Total liabilities	112 750	105 691	87 000
Total equity and liabilities	211 355	221 064	216 534

Group Statement of Changes in Equity

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2019	772	38 968	83 812	-286	-2 728	120 537	433
Result for the period					3 619	3 619	374
Other comprehensive income for the year							
Currency translation differences				-36		-36	
Total comprehensive income for the year				-36	3 619	3 583	374
Share issue			9 027			9 027	0
Share subscriptions with options			167			167	
Options and Performance Share Plan					210	210	
Dividends and return of capital			-9 146		-9 146	-18 291	-668
Equity on 31 March 2019	772	38 968	83 861	-321	-8 046	115 234	139
Equity on 1 January 2020	772	38 968	84 823	-348	3 218	127 433	2 100
Result for the year					-8 290	-8 290	867
Other comprehensive income for the year							
Currency translation differences				-209		-209	
Total comprehensive income for the year				-209	-8 290	-8 499	867
Share subscriptions with options			151			151	
Performance Share Plan					-1 600	-1 600	
Dividends and return of capital			-13 857		-6 283	-20 140	-1 708
Transactions with non-controlling interests					42	42	-41
Equity on 31 March 2020	772	38 968	71 117	-557	-12 913	97 387	1 218

Statement of cash flow (IFRS)

€ ('000)	1-3/20	1-3/19	1-12/19
Cash flow from operations			
Result for the financial period	-7 423	3 993	15 878
Adjustments on cash flow statement	11 907	-2 389	-6 540
Change in working capital:			
Change in current non-interest-bearing receivables	-7 031	-1 477	-3 812
Change in current trade payables and other non-interest-bearing liabilities	1 812	3 146	1 308
Interest paid	-145	-61	-2 643
Taxes paid	-3 094	-3 383	-4 553
Cash flow from operations	-3 973	-172	-363
Cash flow from investing activities			
Acquisition of subsidiaries		960	-540
Proceeds from sale of subsidiaries			5 900
Investments in tangible and intangible assets	-170	-294	-561
Investments at fair value through profit and loss	13 511	19 301	12 390
Long-term loan receivables granted	-6	-32	-3 034
Proceeds from long-term receivables	91		2 594
Interest received	25	39	158
Cash flow from investing activities	13 450	19 974	16 907
Cash flow from financing activities			
Share issue	151	160	1 542
Proceeds from borrowings	20 000		130
Repayment of long-term loan	-130		-10 000
Payment of lease liabilities	-221		-924
Dividends paid and return of capital	-19 189	-8 662	-18 958
Cash flow from other financing items			787
Cash flow from financing activities	611	-8 502	-27 423
Change in cash and cash equivalents	10 088	11 300	-10 879
Cash and cash equivalents at start of year	43 665	54 544	54 544
Cash and cash equivalents at end of year	53 753	65 843	43 665

Accounting principles

This unaudited interim report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements.

Figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Items affecting comparability and alternative performance measures

CapMan uses alternative performance measures to denote the financial performance of its business and to improve the comparability between different periods. Alternative performance measures do not replace performance measures in accordance with the IFRS and are reported in addition to such measures. Alternative performance measures, as such are presented, are derived from performance measures as reported in accordance with the IFRS by adding or deducting the items affecting comparability and they will be nominated as adjusted.

Items affecting comparability are, among others, material items related to mergers and acquisitions or major development projects, material gains or losses related to the acquisition or disposals of business units, material gains or losses related to the acquisition or disposal of intangible assets, material expenses related to decisions by authorities and material gains or losses related to reassessment of potential repayment risk to the funds.

Items affecting comparability and alternative key figures are presented under the Segment information.

Segment information

CapMan has three operating segments: the Management company business, Service business and Investments business.

In its Management Company business, CapMan manages private equity funds that are invested by its partnership-based investment teams. Investments are Nordic mainly unlisted companies and Nordic real estate and infrastructure assets. CapMan raises capital for the funds from Nordic and international investors. Income from the Management company business is derived from fees and carried interest received from funds. The fees include management fees related to CapMan's position as a fund management company and fees from other services closely related to fund management.

In the Service business, CapMan offers procurement services to companies in Finland and Sweden through CapMan Procurement Services (CaPS) and private equity advisory and fundraising services to private equity fund managers through Scala Fund Advisory. Wealth management and analysis and reporting services are offered through JAM Advisors to institutional clients, foundations, family offices and wealthy private clients. Income from the Services business include fees from CapMan Procurement Services (CaPS), fundraising advisory services (Scala) and wealth management, analysis and reporting services (JAM Advisors).

Through its Investment business, CapMan invests from its own balance sheet in the private equity asset class and listed markets in a diversified manner. Income in this business segment is generated by changes in the fair value of investments and realised returns following exits and periodic returns, such as interest and dividends.

Other includes the corporate functions not allocated to operating segments. These functions include part of the activities of group accounting, corporate communications, group management and costs related to share-based payment. Other also includes the eliminations of the intersegment transactions.

Segment information 1-3/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	6 833	42			6 875
Service fees	254	4 725		7	4 985
Carried interest	89				89
Turnover, external	7 176	4 767	0	7	11 949
Personnel expenses, of which	-2 863	-1 155		-2 303	-6 321
Salaries and bonuses	-2 863	-1 155		-906	-4 924
Share-based payment				-1 397	-1 397
Depreciation, amortisation and impairment	-141	-140		-62	-343
Other operating expenses	-1 586	-465	-4	-776	-2 832
Internal service fees	-723	-40	-4	766	0
Fair value changes of investments			-8 438		-8 438
Operating profit (loss)	1 862	2 966	-8 446	-2 367	-5 984
Financial items			-563		-563
Income taxes	-372	-593	-383	473	-875
Result for the period	1 490	2 373	-9 392	-1 894	-7 423
Earnings per share, cents					-5,4
Earnings per share, diluted, cents					-5,3
Non-current assets	18 514	15 946	120 108	-13 533	141 035
Timing of revenue recognition from customer contracts:					
Services transferred over time	7 086	2 261		7	9 353
Services transferred at a point in time	89	2 507			2 596
Revenue from customer contracts, external	7 176	4 767		7	11 949

Segment information 1-3/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	6 110	18			6 128
Service fees	154	2 852		23	3 029
Carried interest	131				131
Turnover, external	6 395	2 870		23	9 288
Turnover, internal		151		-151	
Other operating income	1	12			13
Personnel expenses, of which	-3 140	-526	-44	-1 543	-5 254
Salaries and bonuses	-3 140	-526	-44	-1 333	-5 044
Share-based payment				-210	-210
Depreciation, amortisation and impairment	-154	-53		-77	-284
Other operating expenses	-1 348	-385	-65	-1 428	-3 226
Internal service fees	-959	-310	-172	1 441	0
Fair value changes of investments			4 167		4 167
Operating profit	795	1 759	3 886	-1 735	4 705
Items impacting comparability					
Acquisition related expenses				781	781
Donations				97	97
Items impacting comparability, total				878	878
Adjusted operating profit	795	1 759	3 886	-857	5 583
Financial items			-604		-604
Income taxes	-159	-352	56	347	-108
Result for the period	636	1 407	3 338	-1 388	3 993
Result for the period	636	1 407	3 338	-1 388	3 993
Items impacting comparability					
Acquisition related expenses				715	715
Donations				97	97
Items impacting comparability, total				812	812

Segment information 1-3/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Adjusted profit for the period	636	1 407	3 338	-577	4 804
Earnings per share, cents					2,4
Items impacting comparability, cents					0,6
Adjusted earnings per share, cents					3,0
Earnings per share, diluted, cents					2,4
Items impacting comparability, cents					0,5
Adjusted earnings per share, diluted, cents					2,9
Non-current assets	23 901	11 263	97 821	-8 672	124 313
Total assets include:					
Investments in joint ventures			4 484		4 484
Timing of revenue recognition from customer contracts:					
Services transferred over time	6 264	1 595		23	7 883
Services transferred at a point in time	131	1 275			1 406
Revenue from customer contracts, external	6 395	2 870		23	9 288

Segment information 1–12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	24 684	167			24 851
Service fees	1 188	15 530		493	17 211
Carried interest	6 910				6 910
Turnover, external	32 782	15 697		493	48 972
Turnover, internal		302		-302	
Other operating income	1	12		-7	6
Personnel expenses, of which	-13 586	-3 823	-241	-6 534	-24 184
Salaries and bonuses	-13 586	-3 823	-241	-5 803	-23 453
Share-based payment				-731	-731
Depreciation and amortisation	-618	-471	0	-264	-1 353
Impairment	-4 230	0	0	0	-4 230
Other operating expenses	-4 732	-2 397	-1 097	-3 843	-12 069
Internal service fees	-3 638	-227	-688	4 553	
Fair value changes of investments			12 250		12 250
Operating profit	5 979	9 094	10 224	-5 904	19 392
Items impacting comparability					
Acquisition related expenses				1 126	1 126
Donations			200	97	297
Impairment of goodwill	4 230				4 230
Items impacting comparability, total	4 230		200	1 223	5 653
Adjusted operating profit	10 209	9 094	10 424	-4 681	25 045
Financial items			-1 783		-1 783
Income taxes	-633	-1 819	-461	1 181	-1 731
Result for the period	5 347	7 275	7 980	-4 724	15 878

Segment information 1–12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Profit for the period	5 347	7 275	7 980	-4 724	15 878
Items impacting comparability					
Acquisition related expenses				991	991
Donations			200	97	297
Impairment of goodwill and other writedowns	2 821				2 821
Items impacting comparability, total	2 821		200	1 088	4 108
Adjusted profit for the period	8 167	7 275	8 180	-3 636	19 987
Earnings per share, cents					9,2
Items impacting comparability, cents					2,7
Adjusted earnings per share, cents					11,9
Earnings per share, diluted, cents					9,0
Items impacting comparability, cents					2,6
Adjusted earnings per share, diluted, cents					11,6
Non-current assets	19 908	13 827	128 970	-11 397	151 309
Timing of revenue recognition from customer contracts:					
Services transferred over time	25 872	7 882		493	34 248
Services transferred at a point in time	6 910	7 814			14 724
Revenue from customer contracts, external	32 782	15 697		493	48 972

Acquisitions

In the reporting period, there were no acquisitions. The acquisition made in the comparison period has an impact on the comparability of figures.

Acquisition of JAM Advisors in 2019

On February 27, 2019, CapMan acquired 60 per cent of JAM Advisors Oy ("JAM Advisors"), a reporting, analysis and wealth management company. The purchase price was paid by executing a directed issue of 5,110,000 new CapMan shares to the owners of JAM Advisors, having a fair value of EUR 9.0 million. The goodwill arising from the acquisition was EUR 14,8 million. CapMan has a call option and the sellers have a put option for the remaining 40 per cent non-controlling interest. Due to the equivalent option arrangement, no profit or loss is attributed to non-controlling interests and no non-controlling interest is presented separately within consolidated equity.

The acquisition provided CapMan with a new technologically advanced service and wealth management business and opportunities to expand into new customer segments. JAM Advisors serves mainly domestic institutional investors, foundations, family offices and high-net-worth individuals and serves as their advisor.

As of the acquisition date, February 27, 2019, JAM Advisors has been consolidated into CapMan's consolidated financial statements in full and reported as part of CapMan's reportable segment Service Business.

Income taxes

The Group's income taxes in the Income Statements are calculated on the basis of current taxes on taxable income and deferred taxes. Deferred taxes are calculated on the basis of all temporary differences between book value and fiscal value.

Dividends

A dividend of EUR 0.04 per share and a repayment of invested unrestricted equity fund of EUR 0.09 per share, totalling EUR 20.0 million, was paid to the shareholders for the financial year 2019. Dividend and repayment of equity were paid on March 20, 2020. A dividend and repayment of equity of EUR 0.12 per share, totalling EUR 18.3 million, was paid for the financial year 2018.

Non-current assets

Fair value hierarchy of financial assets measured at fair value at 31 March 2020

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	738		115 180	115 918
Additions			3 180	3 180
Distributions			-6 705	-6 705
Fair value gains/losses			-7 127	-7 127
Transfers*	-448		0	-448
at the end of period	290		104 528	104 817
Other investments				
at Jan 1		166	2 564	2 730
Fair value gains/losses			-1 272	-1 272
at the end of period		166	1 292	1 458
Current financial assets at FVTPL**	1	1 490		1 491

* Change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments.

**fair value through profit or loss

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets

Level 2 - Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices).

Level 2 assets measured at fair value consist of investments for which the quoted price is available from markets that are not active. CapMan has measured level 2 investments using the last trading price of the reporting period end.

Level 3 - The asset that is not based on observable market data

There were no transfers from one level to another during the review period.

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 68.3 million at the end of the reporting period.

Fair value hierarchy of financial assets measured at fair value at 31 December 2019

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1			80 582	80 582
Additions			38 037	38 037
Distributions			-17 543	-17 543
Fair value gains/losses			9 692	9 692
Transfers*	738		4 410	5 148
at the end of period	738		115 180	115 918
Other investments				
at Jan 1		166	2 381	2 547
Fair value gains/losses			184	184
at the end of period		166	2 564	2 730
Investments in joint ventures				
at Jan 1			4 470	4 470
Additions			144	144
Transfers**			-4 581	-4 581
Fair value gains/losses			-33	-33
at the end of period			0	0
Current financial assets at FVTPL**	2 681	8 087		10 768

* Change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments.

**fair value through profit or loss

The different levels have been defined as follows:

Level 1 - Quoted prices (unjusted) in active markets for identical assets

Level 2 - Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices).

Level 2 assets measured at fair value consist of investments for which the quoted price is available from markets that are not active. CapMan has measured level 2 investments using the last trading price of the reporting period end.

Level 3 - The asset that is not based on observable market data. Investments in joint ventures reported on Level 3 include investments in Maneq Investments Luxembourg S.a.r.l.

During reporting period the cash of the subsidiary CapMan Fund Investments SICAV-SIF was transferred from Level 3 to Level 1.

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 76.3 million at the end of the reporting period.

Sensitivity analysis of Level 3 investments at 31 March 2020

Investment area	Fair Value MEUR, 31 Mar 2020	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	13.6	Peer group	Peer group earnings multiples	EV/EBITDA LTM 12.3x	+/- 1.3 MEUR
			Discount to peer group multiples	24 %	-/+ 0.4 MEUR
Buyout	5.8	Peer group	Peer group earnings multiples	EV/EBITDA LTM 8.4x	+ 1.4 MEUR / - 1.5 MEUR
			Discount to peer group multiples	15 %	- /+ 0.2 MEUR
Real Estate	38.9	Valuation by an independent valuer			
Infra	15.3	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 1.2 MEUR / + 1.3 MEUR
Russia	3.8	Peer group	Peer group earnings multiples	EV/EBITDA LTM 8.8x	+/- 0.4 MEUR
			Discount to peer group multiples including additional discount due to increased uncertainty following the market turbulence	46 %	-/+ 0.2 MEUR
Credit	2.6	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Other investment areas	0.2	Discounted cash flows	Discount rate; market rate and risk premium	6 %	- 0.0 MEUR / value increase based on a change in the discount rate is not booked
Investments in external PE funds	22.8	Reports from PE fund management company			
Investments in Maneqs	2.8	Peer group	Peer group earnings multiples	EV/EBITDA LTM 8.7x	+ 0.4 MEUR / - 0.3 MEUR
			Discount to peer group multiples	16 %	-/+ 0.1 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2019

Investment area	Fair Value MEUR, 31 Dec 2019	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	16.1	Peer group	Peer group earnings multiples	EV/EBITDA 2019 12.2x	+/- 1.6 MEUR
			Discount to peer group multiples	20 %	-/+ 0.4 MEUR
Buyout	9.6	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.9x	+ 2.3 MEUR / - 2.1 MEUR
			Discount to peer group multiples	22 %	- 0.7 MEUR /+ 0.6 MEUR
Real Estate	40.0	Valuation by an independent valuer			
Infra	17.6	Discounted cash flows	Discount rate; market rate and risk premium	12 %	- 0.8 MEUR / + 0.9 MEUR
Russia	4.3	Peer group	Peer group earnings multiples	EV/EBITDA 2019 11.4x	+/- 0.4 MEUR
			Discount to peer group multiples	36 %	-/+ 0.2 MEUR
Credit	2.6	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Funds of funds	0.2	Reports from PE fund management company			
Other investment areas	0.8	Discounted cash flows	Discount rate; market rate and risk premium	6 %	- 0.0 MEUR / value increase based on a change in the discount rate is not booked
Investments in external PE funds	22.8	Reports from PE fund management company			
Maneq-investments	3.7	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.7x	+/- 0.4 MEUR
			Discount to peer group multiples	22 %	-/+ 0.1 MEUR

CapMan has made some investments also in funds that are not managed by CapMan Group companies. The fair values of these investments in CapMan's balance sheet are based on the valuations by the respective fund managers. No separate sensitivity analysis is prepared by CapMan for these investments.

The changes in the peer group earnings multiples and the peer group discounts are typically opposite to each other. Therefore, if the peer group multiples increase, a higher discount is typically applied. Because of this, a change in the peer group multiples may not in full be reflected in the fair values of the fund investments.

The valuations are based on euro. If portfolio company's reporting currency is other than euro, P&L items used in the basis of valuation are converted applying the average foreign exchange rate for corresponding year and the balance sheet items are converted applying the rate at the time of reporting. Changes in the foreign exchange rates, in CapMan's estimate, have no significant direct impact on the fair values calculated by peer group multiples during the reporting period.

The valuation of CapMan funds' investment is based on international valuation guidelines that are widely used and accepted within the industry and among investors. CapMan always aims at valuing funds' investments at their actual value. Fair value is the best estimate of the price that would be received by selling an asset in an orderly transaction between market participants on the measurement date.

Determining the fair value of fund investments for funds investing in portfolio companies is carried out using International Private Equity and Venture Capital Valuation Guidelines (IPEVG). In estimating fair value for an investment, CapMan applies a technique or techniques that is/are appropriate in light of the nature, facts, and circumstances of the investment in the context of the total investment portfolio. In doing this, current market data and several inputs, including the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and the financial situation of the investment, are evaluated and combined with market participant assumptions. In selecting the appropriate valuation technique for each particular investment, consideration of those specific terms of the investment that may impact its fair value is required.

Different methodologies may be considered. The most applied methodologies at CapMan include available market price for actively traded (quoted) investments, earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment, and the Discounted Cash Flows method, whereby estimated future cash flows and the terminal value are discounted to the present by applying the appropriate risk-adjusted rate. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to the qualitative nature of the valuation methodologies, the fair values are to a considerable degree based on CapMan's judgment.

The Group has a Monitoring team, which monitors the performance and the price risk of the investment portfolio (financial assets entered at fair value through profit or loss) independently and objectively of the investment teams. The Monitoring team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals made by the case investment professionals are examined by the Monitoring team and subsequently reviewed and decided by the Valuation Committee, which comprises the Group CFO, Head of Monitoring team and either Risk Manager of the relevant fund or Head of the relevant investment team. The portfolio company valuations are reviewed in the Valuation Committee on a quarterly basis. The valuations are back tested against realised exit valuations, and the results of such back testing are reported to the Audit Committee annually.

Investments in real estate are valued at fair value based on appraisals made by independent external experts, who follow International Valuation Standards (IVS). The method most appropriate to the use of the property is always applied, or a combination of such methods. For the most part, the valuation methodology applied is the discounted cash flow method, which is based on significant unobservable inputs. These inputs include the following:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Property operating expenses	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs , vacancy rates and market rents.

In the exceptional market situation caused by the COVID-19 pandemic, the increased volatility in the publicly traded peer group market prices, exceptionally uncertain financial situation and future outlook of portfolio companies and properties as well as the fluctuating market capitalisation rates increase the uncertainty inherent in the valuations substantially compared with a normal situation.

Seasonal nature of business

Carried interest income is accrued on an irregular schedule depending on the timing of exits.
An exit may have an appreciable impact on the Group's result for the full financial year.

Average personnel

By country	31.3.20	31.12.19
Finland	112	110
Sweden	21	20
Denmark	6	5
Russia	0	8
Luxembourg	2	1
United Kingdom	3	3
In total	143	147

Contingent liabilities

€ ('000)	31.3.20	31.12.19
Securities and other contingent liabilities	62 780	62 780
Remaining commitments to funds	102 093	103 785
Remaining commitments by investment area		
Buyout	39 612	39 451
Credit	1 480	1 485
Russia	1 114	1 114
Real Estate	4 391	4 249
Other	3 556	4 199
Funds of funds	246	551
Growth equity	11 074	12 221
Infra	19 204	18 019
External private equity funds	21 415	22 496
In total	102 093	103 785

Related parties

Commitments to related parties

€ ('000)	31.3.20	31.12.19
Commitments to Maneq funds	643	643

Turnover and profit quarterly

Year 2020

MEUR	1-3/20
Turnover	11,9
Management fees	6,9
Sales of services	5,0
Carried interest	0,1
Other operating income	0,0
Operating expenses	-9,5
Fair value changes of investments	-8,4
Operating loss	-6,0
Financial income and expenses	-0,6
Result before taxes	-6,5
Result for the period	-7,4

Year 2019

MEUR	1-3/19	4-6/19	7-9/19	10-12/19	1-12/19
Turnover	9,3	13,4	9,7	16,6	49,0
Management fees	6,1	5,4	6,0	7,3	24,9
Sales of services	3,0	7,3	3,0	3,9	17,2
Carried interest	0,1	0,7	0,7	5,4	6,9
Other operating income	0,0	0,0	0,0	-1,0	0,0
Operating expenses	-8,8	-9,2	-8,0	-15,8	-41,8
Fair value changes of investments	4,2	1,7	3,8	2,6	12,1
Operating profit	4,7	5,8	5,5	3,5	19,4
Financial income and expenses	-0,6	-0,7	-0,6	0,1	-1,8
Result before taxes	4,1	5,1	4,9	3,6	17,6
Result for the period	4,0	4,2	4,1	3,7	15,9